

**191—28.5(509) Determination of reasonableness of benefits in relation to premium charge.**

**28.5(1) *General standard.*** Under the credit insurance law, benefits provided by credit insurance policies must be reasonable in relation to the premium charged. This requirement is satisfied if the premium rate charged develops or may be reasonably expected to develop a loss ratio of not less than 50 percent. With the exception of deviations approved under rule 28.11(509), the rates shown in rules 28.7(509) and 28.8(509), as adjusted pursuant to rule 28.10(509), shall be conclusively presumed to satisfy this general standard.

**28.5(2) *Nonstandard coverage.*** If any insurer files for approval of any form providing coverage more restrictive than that described in rules 28.7(509) and 28.8(509), the insurer shall demonstrate to the satisfaction of the insurance commissioner that the premium rates to be charged for the restricted coverage will develop or may be reasonably expected to develop a loss ratio not less than that contemplated for standard coverage at the premium rates described in these rules.

**28.5(3) *Coverage without separate charge.*** If no specific charge is made to the debtor for credit insurance, the standards of this rule are not required to be used; but any premium rates resulting from the standards used which exceed the premium rate standards set out in rules 28.7(509) and 28.8(509) must be filed with the insurance commissioner. For purposes of this subrule, it will be considered that the debtor is charged a specific amount for insurance if an identifiable charge for insurance is disclosed in the credit or other instrument furnished the debtor which sets out the financial elements of the credit transactions, or if there is a differential in finance, interest, service or other similar charge made to debtors who are in like circumstances, except for their insured or noninsured status.